

WEST LANCASHIRE BOROUGH COUNCIL

2012/13 ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

West Lancashire Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

To discharge this overall responsibility, the Council must have in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011, in relation to the production of an Annual Governance Statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled and the mechanisms through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at West Lancashire Borough Council for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

The Council has in place a comprehensive governance framework, the key elements of which are as follows:

The Council reviews its vision and priorities regularly. A statement of the current vision, values and priorities is available in a number of formats and, together with a number of other documents referred to in this Annual Governance Statement, can be viewed online on the Council's [website](#).

The Council's 4 year Business Plan sets out how it will deal with the very difficult financial challenges facing all local authorities as a result of government decisions on grant funding reductions and the challenging economic climate.

The Council's Covalent Performance Management System is used to monitor achievement of the Council's objectives and progress against priority delivery projects. Information from this system is presented to Management and Members on a regular basis.

The innovative Joint Managing Director structure continues to provide high quality management for the Council.

The Council has a number of core customer service standards which apply to all customers and staff. These corporate customer care standards provide a clear commitment of our desire to attain the highest quality of customer service. They include response times for letters and emails, telephone calls, complaints, visits to our offices, visits to customer's homes and out of hours emergencies. They cover targets and the attitude and behaviour of staff and customers.

The Council has in place Codes of Conduct which set out the standards of behaviour expected of all members and officers. These are provided to all members and officers on appointment and are available on the Council's website. The Council also has a Standards Committee whose role is to promote and maintain high standards of conduct.

A corporate Equality and Diversity steering group is in place which meets periodically to ensure the Council complies with its duties under Equality legislation.

The Council's Constitution clearly sets out the respective roles and responsibilities of the Council, its Executive and Overview and Scrutiny functions, and delegations to Committees, Portfolio holders and Chief Officers as well as those functions which, by Statute, are to be exercised by a designated "Proper Officer".

As part of the Constitution the Council has agreed a Protocol on Member/Officer Relations and Conventions for the Management of Council Business.

The Council's professionally qualified Chief Finance Officer (the Borough Treasurer) is responsible for the proper administration of its financial affairs. The Officer attends Directorate Service Head meetings and has a direct reporting line to the Joint Managing Directors. Financial advice is provided for all the key decisions that are made.

A Medium Term Financial Forecast and Treasury Management Strategy, which fully assesses the potential financial risks to the Authority, are in place and reviewed regularly. Standing orders, Contract Procedure Rules and Financial Regulations, that detail the Authority's financial management arrangements, are also maintained and developed.

The Council has a comprehensive Risk Management process in place which is fully embedded throughout the Authority and forms an integral part of the management process. This includes a dedicated resource committed to this area of work to ensure

consistency and compliance throughout the Authority. In addition all reports to Council and Cabinet have a risk assessment section.

The Council's Audit and Governance Committee undertakes the core functions of an audit committee as identified in CIPFA's publication *Audit Committees – Practical Guidance for Local Authorities*.

The Council's Monitoring Officer Protocol sets out how the Council deals with issues of concern including legality, probity, vires and constitutional issues.

The Council is committed to the highest possible standards of openness, probity and accountability and has in place a formal Complaints Procedure, Anti-Money Laundering Policy, Whistleblowing Code and Anti-Fraud, Bribery and Corruption Policy.

Recruitment Procedures are in place to ensure the appointment of appropriately skilled employees. An induction process is also in place for employees along with guidance for Managers on how to induct new employees into their teams. Ongoing training needs are identified through a Development Appraisal Scheme.

The Council is committed to consulting local people and a 'Your Views' section is available on the Council's website dedicated to engaging the public.

The Council has in place a Protocol which sets out how the essential elements of local governance, accountability and transparency will be maintained within any proposed arrangements for service delivery through partnerships.

FINANCIAL MANAGEMENT ARRANGEMENTS

The Authority's Financial Management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

REVIEW OF EFFECTIVENESS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

West Lancashire Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Heads of Service and Managers within the Authority who have responsibility for the development and maintenance of the governance environment, by the Head of Internal Audit's annual report, and also by the work undertaken by the External Auditors and other review agencies and inspectorates.

The Council is ultimately responsible for maintaining an up to date governance framework which is chiefly contained in its Constitution and is made up of its standing orders, financial regulations and scheme of delegation together with various associated policies and procedures.

Our most recent Annual Audit Letter from the Audit Commission concluded that the Council has effective arrangements in place for internal control. Our new external auditors, Grant Thornton, have also not raised any significant issues of concern.

As part of the procedure for producing this statement, the Council's Heads of Service and Senior Managers are required to review whether there are any significant control or governance issues that require addressing. Areas for development in data protection arrangements were identified through this process and details on this are provided later in this statement. The Borough Treasurer, who has overall responsibility for the Authority's financial framework, has not identified any significant governance or internal control issues in relation to financial matters.

In carrying out a continuous audit of the Council's business, the Internal Audit Section review the effectiveness of key elements of the Council's governance arrangements and report to the Audit and Governance Committee accordingly. The Internal Audit Manager's Annual Report for 2012-13 does not identify any serious deficiencies in the Council's internal control mechanisms.

The Audit and Governance Committee are charged with monitoring Contract Procedure Rules, Financial Regulations and other provisions of the Constitution. This Committee also considers how well the Council has complied with its own and other published standards and controls in so far as these contribute to the adequacy of its framework of internal control.

We have been advised on the implications of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and plans to address development issues and ensure continuous improvement of the system are in place.

PROGRESS ON ISSUES IDENTIFIED IN THE LAST ANNUAL GOVERNANCE STATEMENT

FINANCIAL CHALLENGES AND THE BUSINESS PLAN

Due to robust financial monitoring and management the Council has achieved a favourable budget variance for 2012-13 and has also set a balanced budget for 2013-14. Consequently the Council is taking appropriate action to secure a stable financial position.

CURRENT SIGNIFICANT GOVERNANCE ISSUES

FINANCIAL CHALLENGES AND THE BUSINESS PLAN

While the Council currently has a healthy financial position, dealing with the very difficult economic environment continues to be the primary challenge for the Authority. The Medium Term Financial Forecast identified a need to make 30% savings over 4 years and this level of savings has meant that the Council has needed to radically change its structure and the way it operates.

The Business Plan has been developed to achieve these savings through a measured and well thought out process. However this level of change will create significant risks in the governance framework that will need to continue to be managed and reviewed effectively.

DATA PROTECTION

The Council reported a data protection issue to the Information Commissioner's Office in the year and has entered into a voluntary undertaking. The Council is reviewing and developing this area. This has included completing an internal audit of data protection

processes and implementing an action plan of targeted improvements. An additional resource was also agreed in the Budget to implement these developments.

The action plan has now been substantially completed and a satisfactory level of compliance achieved against best practice requirements. Additional work will take place over the next few months to complete the action plan and to develop processes and procedures further to minimise the risk of issues arising in the future.

REVENUES AND BENEFITS

Revenues and Benefits have seen a significant amount of change in recent months with the introduction of a Localised Council Tax Support Scheme to replace Council Tax Benefits, new rules on entitlement to Housing Benefits, and the implementation of a new IT system. No material governance matters have been identified, but given the scale of change there is an increased audit risk, which is why this area is included on the Key Risks Register. Internal audit reviews are currently in progress and external audit will also review this service area as part of their standard work on the audit of the accounts. The large scale investment in IT that has taken place will allow for an efficient and effective service to be provided in the future.

We propose to monitor the above issues over the coming year and to take steps to maintain and develop our governance arrangements.

SIGNED:

Date

LEADER

SIGNED:

Date

MANAGING DIRECTOR (PEOPLE AND PLACES)

SIGNED:

Date

MANAGING DIRECTOR (TRANSFORMATION)

On behalf of West Lancashire Borough Council